

Elkhorn Water District

132 NORTHWOOD ROAD ♦ FRANKFORT, KENTUCKY 40601

502 - 695 -4431

April 7, 2006

Case 2006-00145

Beth O'Donnell
Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY 40602

RECEIVED

APR 05 2006

RE: Application for an Adjustment in Rates Pursuant to
the Alternative Rate Filing Procedure for Small Utilities

PUBLIC SERVICE
COMMISSION

This is an application to request Commission approval for an increase in Elkhorn Water District's rate pursuant to the Alternative Rate Filing Procedure for Small Utilities. Attached is the completed "ARF Application."

The Elkhorn Water District has published in the local newspaper the notice of the proposed rate changes and the estimated amount of increase per customer class to each customer. A copy of the published notice and affidavit verifying that the notice has been published in the local newspaper is enclosed.

A copy of this application and related filings has been sent to the Office of the Attorney General, State Capitol Building, Suite 118, Frankfort, KY 40601.

Sincerely,



Jeanne Costigan, Chairperson

Enclosure

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

APR 05 2006

PUBLIC SERVICE
COMMISSION

Elkhorn Water District

Name of Utility

Case 2006-00145

132 Northwood Road

Frankfort, KY 40601

Business Mailing Address

Telephone Number 502 / 695 - 4431

Area Code

Number

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: Jolene Paris

Address: 132 Northwood Road, P.O. Box 67

Frankfort, KY 40601

Telephone Number: 502 - 695 - 4431

- | | | | | | |
|----|---|-------------------------------------|--------------------------|----|-------------------------------------|
| 1) | Do you have 500 customers or fewer? | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| 2) | Do you have \$300,000 in Gross Annual Revenue or less? | <input checked="" type="checkbox"/> | Yes | No | <input type="checkbox"/> |
| 3) | Has the Utility filed an annual report with this Commission for the past year and the two previous years? | <input checked="" type="checkbox"/> | Yes | No | <input type="checkbox"/> |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise? | <input checked="" type="checkbox"/> | Yes | No | <input type="checkbox"/> |

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, **2004**.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

	Test-Period Operations	Pro Forma Adjustments	Adj. Ref	Pro Forma Operations
Operating Revenues:				
Metered Water Sales	\$ 159,170	\$ 13,532	(a)	\$ 172,702
Sales for Resale	69,623	(69,623)	(b)	0
Revenue - Water Sales	<u>\$ 228,793</u>	<u>\$ (56,091)</u>		<u>\$ 172,702</u>
Operating Expenses:				
Operation & Maintenance:				
Salaries & Wages – Emp.	\$ 15,370	\$ 0		\$ 15,370
Salaries & Wages – Com.	3,600	0		3,600
Purchased Water	142,662	(56,472)	(c)	86,190
Purchased Power	6,831	0		6,831
Chemicals	464	0		464
Materials & Supplies	4,412	(1,181)	(d)	3,231
Contractual Services	32,731	0		32,731
Rents	840	0		840
Insurance	3,750	(507)	(f)	3,243
Bad Debt	260	0		260
Miscellaneous	501	0		501
Total Operation & Maint.	<u>\$ 211,421</u>	<u>\$ (58,160)</u>		<u>\$ 153,261</u>
Depreciation	40,031	98	(g)	40,129
Amortization	149	0		149
Taxes Other Than Income:				
PSC Assessment	388	0		388
Payroll Taxes	1,357	95	(h)	1,452
Other Tax & License	0	0		0
Utility Operating Exp.	<u>\$ 253,346</u>	<u>\$ (57,967)</u>		<u>\$ 195,379</u>
Utility Operating Income	<u>\$ (24,553)</u>	<u>\$ 1,876</u>		<u>\$ (22,677)</u>
Other Income & Deductions:				
Interest Income	<u>2,873</u>	<u>0</u>		<u>2,873</u>
Net Inc. Available for Debt Service	<u><u>\$ (21,680)</u></u>	<u><u>\$ 1,876</u></u>		<u><u>\$ (19,804)</u></u>

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

Below are the pro forma descriptions and Exhibit A contains the supporting calculations.

<u>Adj. Ref.</u>	<u>Adjustment Description</u>
(a)	Revenue from Water Sales: This adjustment reflects the results of Commission Staff's billing analysis, the current tariffed rate.
(b)	Sales for Resale: This adjustment reflects the loss of Elkhorn's wholesale customer, the city of Stamping Ground.
(c)	Purchased Water: This adjustment reflects the test-period water purchases adjusted for elimination of the water sales to the city of Stamping Ground
(d)	Materials & Supplies: This adjustment removes the capital expenditures from this expense account.
(e)	Contractual Services: This adjustment removes a prior period cost from test-period expenses.
(f)	Insurance: This adjustment removes a prior period cost from test-period expenses..
(g)	Depreciation: This adjustment reflects depreciation on capital expenditures removed from expenses.
(h)	Payroll Taxes: This adjustment reflects the pro forma payroll and the current payroll tax rates.

- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

See Exhibit B for the rate comparison by Meter size.

III. Other Information

a. Please complete the following questions:

- 1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

The only event that will have an effect is the loss of the wholesale customer, the city of Stamping Ground.

2) Total number of Customers as of the date of filing: 523

3) Total amount of increased revenue requested: **(Exhibit C)** \$40,758

4) Please circle Yes or No:

a) Does the utility have any outstanding indebtedness? Yes No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

b) Were all revenues and expenses listed in the Annual Report for **2004** incurred and collected from January 1 to December 31 of that year? Yes No

If no, list total revenues and total expenses incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 2004 and the amount shown on this schedule.

Pro forma depreciation schedule attached hereto as Attachment B.

- 6) If utility is a sewer utility:
N/A – This is not a sewer utility.
- a) Attach a copy of the latest State and Federal Income Tax Returns.
- b) How much of the utility plant was recovered through the sale of lots or other contributions _____ \$ or %? (If unknown, state the reason).

- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

Elkhorn Water District is losing its only wholesale water customer, the city of Stamping Ground. During the test-period Stamping Ground purchased 30,403,000 gallons or 39.74 percent of the total reported sales of 706,508,500 gallons. In its application, Elkhorn Water District is requesting approval of an emergency wholesale rate and to require the emergency wholesale customer to pay any of the costs incurred to connect that customer to the system.

Step3: Next 10,000 gallons rate level
 1,830 Bills
 16,268,700 gallons used
 1st 2,000 minimum x 1,830 bills = 3,660,000 gallons – record in Column 4.
 Next 3,000 gallons x 1,830 bills = 5,490,000 gallons – record in Column 5.
 Next 10,000 gallons – remainder of water over 3,000 = 7,118,700 gallons – record in Column 6.

Step4: Next 25,000 gallons rate level
 650 Bills
 15,275,000 gallons used
 1st 2,000 minimum x 650 bills = 1,300,000 gallons – record in Column 4.
 Next 3,000 gallons x 650 bills = 1,950,000 gallons – record in Column 5.
 Next 10,000 gallons x 650 bills = 6,500,000 gallons – record in Column 6.
 Next 25,000 gallons – remainder of water over 10,000 = 5,525,000 gallons – record in Column 7.

Step5: Over 40,000 gallons rate level
 153 Bills
 9,975,600 gallons used
 1st 2,000 minimum x 153 bills = 306,000 gallons – record in Column 4.
 Next 3,000 gallons x 153 bills = 459,000 gallons – record in Column 5.
 Next 10,000 gallons x 153 bills = 1,530,000 gallons – record in Column 6.
 Next 25,000 gallons x 153 bills = 3,825,000 gallons – record in Column 7.
 Over 40,000 gallons – remainder of water over 25,000 = 3,855,600 gallons – record in Column 8.

Step6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

The Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7, and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains the revenue produced.

Revenue from Present/Proposed Rates
 Test Period from 01-01-XX to 12-31-XX

USAGE TABLE
Usage by Rate Increment

Class: Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2,000	(5) Next 3,000	(6) Next 10,000	(7) Next 25,000	(8) Over 40,000	(9) Total
First 2,000 Minimum Bill	432	518,400	518,400					518,400
Next 3,000 Gallons	1,735	4,858,000	3,470,000	1,388,000				4,858,000
Next 10,000 Gallons	1,830	16,268,700	3,660,000	5,490,000	7,118,700			16,268,700
Next 25,000 Gallons	650	15,275,000	1,300,000	1,950,000	6,500,000	5,525,000		15,275,000
Over 40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000	3,825,000	3,855,600	9,975,600
Totals	4,800	46,895,700	9,254,400	9,287,000	15,148,700	9,350,000	3,855,600	46,895,700

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	4,800	9,254,400	\$ 5.00 Minimum Bill	\$ 24,000.00
Next 3,000 Gallons		9,287,000	\$ 2.50 per 1,000 Gal.	23,217.50
Next 10,000 Gallons		15,148,700	\$ 2.00 per 1,000 Gal.	30,297.40
Next 25,000 Gallons		9,350,000	\$ 1.25 per 1,000 Gal.	11,687.50
Over 40,000 Gallons		3,855,600	\$ 0.75 per 1,000 Gal.	2,891.70
Totals	4,800	46,895,700		\$ 92,094.10 Total Revenue

Instructions for Completing Revenue Table:

- (1) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (2) Complete Column No. 4 using rates either present or proposed.
- (3) Column No. 5 is completed by first multiplying the bills times the minimum charge.
- (4) Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

b. An original and 10 copies of the completed application should be sent to:

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Telephone: 502 / 564 – 3940

c. One Copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch
Office of the Attorney General
Post Office Box 2000
Frankfort, Kentucky 40602-2000

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.

3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502 / 564 – 3940.

4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed

Jeanne K. Castigan
Officer of the Company

Title

Chairman

Date

04-04-06

EXHIBIT A
RATE AND SURCHARGE CALCULATIONS

(a) Metered Water Sales:

Normalized Revenue from Water Sales	\$ 172,702
Less: Reported Revenue from Water Sales	159,170
Pro Forma Adjustment	\$ 13,532

(b) Sales for Resale:

Reported Water Sales - City of Stomping Grounds	30,403.000
Multiplied by: Wholesale Rate effective 2004	\$ (2.29000)
Pro Forma Adjustment	\$ (69,623)

(c) Purchased Water:

Unaccounted for Water Loss Percentage

Water Purchased	97,181,605.0
Water Sales - Billing Analysis:	
Metered Sales	46,105,500.0
Sales for Resale	30,403,000.0
Total Water Sales	76,508,500.0
Add:	
System Flushing	595,000.0
Fire Department	0.0
Other	0.0
Total Accounted for Water	77,103,500.0
Unaccounted for Water Loss - Gallons	20,078,105.0
Percentage of Unaccounted for Water Loss	20.660%
Water Loss Reciprocal (1-Percentage)	79.340%

Determination of Pro Forma Purchased Water

Metered Water Sales - Gallons	46,105,500.0
Divided by: Line Loss Reciprocal – Allowable	85.00%
Pro Forma Allowable Water Purchases – Gallons	54,241.765
Multiplied by: Frankfort Plant Board's Rate per 1,000 Gallon	\$ 1.589000
Pro Forma Purchased Water Exp.	\$ 86,190
Less: Purchased Water Exp.	142,662
Pro Forma Adjustment	\$ (56,472)

(d) Materials & Supplies:

<u>Invoice #</u>	<u>Description</u>	<u>Amount</u>
Jan-04	3/4 Inch and 1 Inch Water Line	\$ (173)
Sep-04	Meter Well, Lid, Setter & Saddle	(409)
Feb-04	1 1/2 Inch pipe Roll Poly	(80)
Sep-04	6- 5/8x3/4 Senus Meters	(252)
Jun-04	Backhoe	(440)
Pro Forma Adjustment		<u>\$ (1,181)</u>

(e) Insurance:

<u>Insurance</u>	<u>Policy Period</u>		<u>Premium</u>
	<u>From</u>	<u>To</u>	
Bond Renewal	02/26/04	02/26/05	\$ (406)
Encroach. Bond	02/25/05	02/22/05	(101)
Pro Forma Adjustment			<u>\$ (507)</u>

(f) Depreciation:

	<u>Book Cost</u>	<u>Depreciation</u>	
		<u>Life</u>	<u>Expense</u>
Water Line - Meter Set	\$ 173	15	\$ 12
Water Line - Meter Set	\$ 409	15	27
Meters	\$ 80	10	8
Meter Sets	\$ 252	15	17
Backhoe - Meter Set	\$ 40	15	29
Pro Forma Adjustment			<u>\$ 93</u>

(g) Payroll Taxes:

<u>Position</u>	<u>Pro Forma Payroll</u>	<u>FICA</u>
		<u>\$ 76,000</u> <u>7.65%</u>
Employee	\$ 15,370	\$ 1,176
Commissioner	1,200	92
Commissioner	1,200	92
Commissioner	1,200	92
Pro Forma Totals	<u>\$ 18,970</u>	<u>\$ 1,452</u>
FICA Taxes		\$ 1,452
Less: Test Period Payroll Taxes		<u>1,357</u>
Pro Forma Adjustment		<u>\$ 95</u>

**EXHIBIT B
RATE COMPARISON**

Rate Comparison 5/8 x 3/4 Inch Meter						
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>	
First 2,000 Gal.	\$ 10.38	Min. Bill	\$ 12.83	Min. Bill	23.603%	
Next 3,000 Gal.	\$ 3.86	Per 1,000 Gal	\$ 4.77	Per 1,000 Gal	23.575%	
Next 5,000 Gal.	\$ 3.39	Per 1,000 Gal	\$ 4.19	Per 1,000 Gal	23.599%	
Over 10,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%	
<u>Average Bill Comparison</u>						
5,000 Gal.	\$ 21.96		\$ 27.14		23.588%	

Rate Comparison 1 Inch Meter						
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>	
First 5,000 Gal.	\$ 21.96	Min. Bill	\$ 27.14	Min. Bill	23.593%	
Next 5,000 Gal.	\$ 3.39	Per 1,000 Gal	\$ 4.19	Per 1,000 Gal	23.599%	
Over 10,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%	
<u>Average Bill Comparison</u>						
20,000 Gal.	\$ 62.81		\$ 77.69		23.690%	

Rate Comparison 1 1/2 Inch Meter						
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>	
First 10,000 Gal.	\$ 38.91	Min. Bill	\$ 48.09	Min. Bill	23.593%	
Over 10,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%	
<u>Average Bill Comparison</u>						
150,000 Gal.	\$ 373.51		\$ 462.49		23.823%	

Rate Comparison McConnell Mobile Home Park						
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>	
First 15,000 Gal.	\$ 77.85	Min. Bill	\$ 96.22	Min. Bill	23.597%	
Over 15,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%	
<u>Average Bill Comparison</u>						
75,000 Gal.	\$ 143.40		\$ 177.60		23.849%	

Rate Comparison Elkhorn Mobile Home Park						
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>	
First 76,000 Gal.	\$ 394.44	Min. Bill	\$ 487.54	Min. Bill	23.603%	
Over 76,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%	
<u>Average Bill Comparison</u>						
150,000 Gal.	\$ 571.30		\$ 706.58		23.679%	

Rate Comparison Capital Mobile Home Park						
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>	
First 125,000 Gal.	\$ 648.75	Min. Bill	\$ 801.87	Min. Bill	23.603%	
Over 125,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%	
<u>Average Bill Comparison</u>						
150,000 Gal.	\$ 708.50		\$ 875.87		23.623%	

Emergency Wholesale Rate						
	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>	
Emerg. Wholesale Rate	\$ 2.29	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	29.258%	
Anyone who wishes to purchase water at the emergency wholesale rate shall pay any costs associated with the emergency hookup.						

EXHIBIT C
REVENUE REQUIREMENT
DETERMINATION

	Pro Forma Test-Period Operations	
	Minimum	Maximum
3-Year Average Debt Service	\$ 17,462	\$ 17,462
Multiplied by: Debt Service Coverage	x 1.2	x 1.2
Income From Operations	\$ 20,954	\$ 20,954
Add: Operating Expenses	153,261	153,261
Depreciation	0	40,129
Amortization	0	149
Taxes Other Than Income	+ 1,840	+ 1,840
Total Revenue Requirement	\$ 176,055	\$ 216,333
Less: Interest & Dividend Income	- 2,873	- 2,873
Revenue Requirement from Operations	\$ 173,182	\$ 213,460
Less: Pro Forma Revenue - Metered Sales	- 172,702	- 172,702
Requested/Recommended Increase	\$ 480	\$ 40,758
% Increase	<u>0.278%</u>	<u>23.600%</u>

EXHIBIT D
BILLING ANALYSIS

Analysis Summary

<u>Meter Size</u>	<u>Bills</u>	<u>Usage</u>	<u>Revenue</u>
3/4 Inch Meter	6,190	27,791,000	\$ 120,873.24
1 Inch Meter	36	1,584,000	4,404.74
1 1/2 Inch Meter	12	890,500	2,308.42
2 Inch Meter - Capital Mobile Home Park	12	10,529,000	29,364.31
2 Inch Meter - McConnell Mobile Home Park	12	874,000	2,592.86
2 Inch Meter - Elkhorn Mobile Home Park	12	4,557,000	13,444.83
Totals	<u>6,274</u>	<u>46,225,500</u>	<u>\$ 172,988.40</u>

USAGE TABLE FOR: 5/8X3/4 INCH METER

Usage		Bills	Gallons	First 2,000	Next 3,000	Next 5,000	Over 10,000	Totals
First	2,000	2,877	4,314,500	4,314,500				4,314,500
Next	3,000	1,630	6,241,500	3,260,000	2,981,500			6,241,500
Next	5,000	1,256	8,688,500	2,512,000	3,768,000	2,408,500		8,688,500
Over	10,000	427	8,546,500	854,000	1,281,000	2,135,000	4,276,500	8,546,500
Totals		6,190	27,791,000	10,940,500	8,030,500	4,543,500	4,276,500	27,791,000

REVENUE TABLE FOR: 5/8X3/4 INCH METER

Usage		Rate		Bills	Gallons	Revenue
First	2,000	\$ 10.38	Min. Bill	6,190	10,940,500	\$ 64,252.20
Next	3,000	\$ 3.86	per 1,000 Gal	0	8,030,500	30,997.73
Next	5,000	\$ 3.39	per 1,000 Gal	0	4,543,500	15,402.47
Over	10,000	\$ 2.39	per 1,000 Gal	0	4,276,500	10,220.84
				6,190	27,791,000	\$ 120,873.24

USAGE TABLE FOR: 1 INCH METER

Usage		Bills	Gallons	First 5,000	Next 5,000	Over 10,000	Totals
First	5,000	12	2,000	2,000	0		2,000
Next	5,000	0	0				0
Over	10,000	24	1,462,000	120,000	120,000	1,342,000	1,582,000
Totals		36	1,464,000	122,000	120,000	1,342,000	1,584,000

REVENUE TABLE FOR: 1 INCH METER

Usage		Rate		Bills	Gallons	Revenue
First	5,000	\$ 21.96	Min. Bill	36	122,000	\$ 790.56
Next	5,000	\$ 3.39	per 1,000 Gal	0	120,000	406.80
Over	10,000	\$ 2.39	per 1,000 Gal	0	1,342,000	3,207.38
				36	1,584,000	\$ 4,404.74

USAGE TABLE FOR: 1 1/2 INCH METER

Usage		Bills	Gallons	First 10,000	Over 10,000	Totals
First	10,000	0	0	0		0
Over	10,000	12	890,500	120,000	770,500	890,500
Totals		<u>12</u>	<u>890,500</u>	<u>120,000</u>	<u>770,500</u>	<u>890,500</u>

REVENUE TABLE FOR: 1 1/2 INCH METER

Usage		Rate		Bills	Gallons	Revenue
First	10,000	\$ 38.91	Min. Bill	12	120,000	\$ 466.92
Over	10,000	\$ 2.39	per 1,000 Gal	0	770,500	1,841.50
				<u>12</u>	<u>890,500</u>	<u>\$ 2,308.42</u>

USAGE TABLE FOR: 2 INCH METER CAPITAL MOBILE HOME PARK

Usage		Bills	Gallons	First 125,000	Over 125,000	Totals
First	125,000	0	0	0		0
Over	125,000	12	10,529,000	1,500,000	9,029,000	10,529,000
Totals		<u>12</u>	<u>10,529,000</u>	<u>1,500,000</u>	<u>9,029,000</u>	<u>10,529,000</u>

REVENUE TABLE FOR: 2 INCH METER CAPITAL MOBILE HOME PARK

Usage		Rate		Bills	Gallons	Revenue
First	125,000	\$ 648.75	Min. Bill	12	1,500,000	\$ 7,785.00
Over	125,000	\$ 2.39	per 1,000 Gal	0	9,029,000	21,579.31
				<u>12</u>	<u>10,529,000</u>	<u>\$ 29,364.31</u>

USAGE TABLE FOR: 2 INCH METER McCONNELL MOBILE HOME PARK

Usage		Bills	Gallons	First 15,000	Over 15,000	Totals
First	15,000	0	0	0		0
Over	15,000	12	874,000	180,000	694,000	874,000
Totals		<u>12</u>	<u>874,000</u>	<u>180,000</u>	<u>694,000</u>	<u>874,000</u>

REVENUE TABLE FOR: 2 INCH METER McCONNELL MOBILE HOME PARK

Usage		Rate		Bills	Gallons	Revenue
First	15,000	\$ 77.85	Min. Bill	12	180,000	\$ 934.20
Over	15,000	\$ 2.39	per 1,000 Gal	0	694,000	1,658.66
				<u>12</u>	<u>874,000</u>	<u>\$ 2,592.86</u>

USAGE TABLE FOR: 2 INCH METER ELKHORN MOBILE HOME PARK

Usage		Bills	Gallons	First 76,000	Over 76,000	Totals
First	76,000	0	0	0		0
Over	76,000	12	4,557,000	912,000	3,645,000	4,557,000
Totals		<u>12</u>	<u>4,557,000</u>	<u>912,000</u>	<u>3,645,000</u>	<u>4,557,000</u>

REVENUE TABLE FOR: 2 INCH METER ELKHORN MOBILE HOME PARK

Usage		Rate		Bills	Gallons	Revenue
First	76,000	\$ 394.44	Min. Bill	12	912,000	\$ 4,733.28
Over	76,000	\$ 2.39	per 1,000 Gal	0	3,645,000	8,711.55
				<u>12</u>	<u>4,557,000</u>	<u>\$ 13,444.83</u>

NOTICE

Notice is hereby given that the Elkhorn Water District seeks approval by the Public Service Commission, Frankfort, Kentucky, for an adjustment of rates in the total amount of \$40,758 on an annual basis. The percentage of increase will approximate 23.6 percent to the Elkhorn Water District.

The estimated amount of increase per customer class/meter size is:

<u>Meter Size</u>	<u>Dollar Increase</u>	<u>Percentage Increase</u>
5/8 x 3/4 Inch Meter	\$ 28,531	70%
1 Inch Meter	\$ 815	2%
1 1/2 Inch Meter	\$ 4008	1%
2 Inch Meter – McConnell Mobile Home Park	\$ 6,929	17%
2 Inch Meter – Elkhorn Mobile Home Park	\$ 815	2%
2 Inch Meter – Capital Mobile Home Park	\$ 3261	8%

The following is the comparison of the present and proposed rates of the Elkhorn Water District and the impact on the average bill :

<u>Rate Comparison 5/8 x 3/4 Inch Meter</u>						
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>	
First 2,000 Gal.	\$ 10.38	Min. Bill	\$ 12.83	Min. Bill	23.603%	
Next 3,000 Gal.	\$ 3.86	Per 1,000 Gal	\$ 4.77	Per 1,000 Gal	23.575%	
Next 5,000 Gal.	\$ 3.39	Per 1,000 Gal	\$ 4.19	Per 1,000 Gal	23.599%	
Over 10,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%	
<u>Average Bill Comparison</u>						
5,000 Gal.	\$ 21.96		\$ 27.14		23.588%	

<u>Rate Comparison 1 Inch Meter</u>						
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>	
First 5,000 Gal.	\$ 21.96	Min. Bill	\$ 27.14	Min. Bill	23.593%	
Next 5,000 Gal.	\$ 3.39	Per 1,000 Gal	\$ 4.19	Per 1,000 Gal	23.599%	
Over 10,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%	
<u>Average Bill Comparison</u>						
20,000 Gal.	\$ 62.81		\$ 77.69		23.690%	

<u>Rate Comparison 1 1/2 Inch Meter</u>						
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>	
First 10,000 Gal.	\$ 38.91	Min. Bill	\$ 48.09	Min. Bill	23.593%	
Over 10,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%	
<u>Average Bill Comparison</u>						
150,000 Gal.	\$ 373.51		\$ 462.49		23.823%	

Rate Comparison McConnell Mobile Home Park					
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>
First 15,000 Gal.	\$ 77.85	Min. Bill	\$ 96.22	Min. Bill	23.597%
Over 15,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%
<u>Average Bill Comparison</u>					
75,000 Gal.	\$ 143.40		\$ 177.60		23.849%

Rate Comparison Elkhorn Mobile Home Park					
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>
First 76,000 Gal.	\$ 394.44	Min. Bill	\$ 487.54	Min. Bill	23.603%
Over 76,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%
<u>Average Bill Comparison</u>					
150,000 Gal.	\$ 571.30		\$ 706.58		23.679%

Rate Comparison Capital Mobile Home Park					
<u>Usage Blocks</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>
First 125,000 Gal.	\$ 648.75	Min. Bill	\$ 801.87	Min. Bill	23.603%
Over 125,000 Gal.	\$ 2.39	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	23.849%
<u>Average Bill Comparison</u>					
150,000 Gal.	\$ 708.50		\$ 875.87		23.623%

Emergency Wholesale Rate					
	<u>Existing Rates</u>		<u>Proposed Rates</u>		<u>% Increase</u>
Emerg. Wholesale Rate	\$ 2.29	Per 1,000 Gal.	\$ 2.96	Per 1,000 Gal.	29.258%
Anyone who wishes to purchase water at the emergency wholesale rate shall pay any costs associated with the emergency hookup.					

The rates contained in this notice are the rates proposed by the Elkhorn Water District; however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Notice is further given that any corporation, association, or person with a substantial interest in the matter may, by written request within thirty (30) days after the publication of this notice, request to intervene in the matter before the Public Service Commission. Intervention may be granted beyond the thirty (30) day period for good cause shown. The request should be submitted to the Public Service Commission at its address shown below. Any person who has been granted intervention by the Commission may obtain copies, free of charge, of the application and testimony by contacting Elkhorn Water District at the address below. Any person may examine the rate application and any other filings made by Elkhorn Water District at its offices or at the Public Service Commission at the addresses below.

Elkhorn Water District
 132 Norwood Road
 P.O. Box 67
 Frankfort, Kentucky 46012
 Telephone: 502 - 695 - 4431

Public Service Commission
 211 Sower Boulevard
 P.O. Box 615
 Frankfort, Kentucky 40602
 Telephone: 502-564-3940